
DONALDSONVILLE AREA ASSOCIATION
FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **OCT 12 2011**

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.

(A NOT FOR PROFIT ORGANIZATION)

FINANCIAL STATEMENTS

JUNE 30, 2011 AND 2010

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the accompanying statements of financial position of Donaldsonville Area Association for Retarded Citizens, Inc., (a not for profit organization), as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Donaldsonville Area Association for Retarded Citizens, Inc. as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 16, 2011 on our consideration of Donaldsonville Area Association for Retarded Citizens, Inc.'s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. taken as a whole. The accompanying supplemental schedules on pages 10 and 11 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 12, 2011

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>ASSETS</u>		
Cash and cash equivalents	\$ 28,151	\$ 124,571
Certificates of deposit	524,160	518,504
Investments	107,612	84,918
Accounts receivable	107,842	153,999
Prepaid expenses	6,190	3,053
Buildings and equipment, net	<u>196,349</u>	<u>212,742</u>
<u>TOTAL ASSETS</u>	<u>\$ 970,304</u>	<u>\$ 1,097,787</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable	<u>\$ 8,937</u>	<u>\$ 9,065</u>
TOTAL LIABILITIES	8,937	9,065
<u>NET ASSETS</u>		
Unrestricted	<u>961,367</u>	<u>1,088,722</u>
TOTAL NET ASSETS	<u>961,367</u>	<u>1,088,722</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$ 970,304</u>	<u>\$ 1,097,787</u>

The accompanying notes are an integral part of these statements.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF ACTIVITIES
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>REVENUES AND OTHER SUPPORT, UNRESTRICTED:</u>		
Public Support:		
Public contributions	\$ 3,434	\$ 4,469
Benefits	16,862	8,196
Allocated by Capital Area United Way	26,573	15,000
Contributions from Government Agencies	674,977	824,009
Other Revenue:		
Membership dues - individual	725	5,349
Sales to public (net of expenses of \$146,753 and \$135,068 respectively)	39,176	37,338
Residential services	39,141	71,681
Investment earnings	30,421	28,400
Insurance proceeds	-	1,853
Other	2,474	3,436
Total unrestricted revenues and other support	<u>833,783</u>	<u>999,731</u>
<u>EXPENSES:</u>		
Residential services	251,540	310,601
Management and general	709,598	734,328
Total expenses	<u>961,138</u>	<u>1,044,929</u>
Change in unrestricted net assets	(127,355)	(45,198)
Net assets at beginning of year	<u>1,088,722</u>	<u>1,133,920</u>
Net assets at end of year	<u>\$ 961,367</u>	<u>\$ 1,088,722</u>

The accompanying notes are an integral part of these statements.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

STATEMENTS OF CASH FLOWS
YEARS ENDED JUNE 30, 2011 AND 2010

	<u>2011</u>	<u>2010</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in net assets	\$ (127,355)	\$ (45,198)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	22,196	27,143
Unrealized gain on investments	(15,194)	-
(Increase) decrease in accounts receivable	47,468	(57,056)
(Increase) decrease in bad debt	(1,311)	-
Increase in prepaid expenses	(3,137)	6,544
Decrease in accounts payable	(128)	6,491
Net cash (used in) provided by operating activities	<u>(77,461)</u>	<u>(62,076)</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Net increase in certificates of deposit	(5,656)	(108,606)
Purchases of investments	(7,500)	103,052
Sale of assets	-	1,539
Purchases of equipment	(5,803)	(19,487)
Net cash used in investing activities	<u>(18,959)</u>	<u>(23,502)</u>
 Net increase (decrease) in cash and cash equivalents	 (96,420)	 (85,578)
Cash and cash equivalents at beginning of year	<u>124,571</u>	<u>210,149</u>
Cash and cash equivalents at end of year	<u>\$ 28,151</u>	<u>\$ 124,571</u>

The accompanying notes are an integral part of these statements.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

- A. The Association is a not for profit organization formed to furnish education and recreation to the mentally retarded and handicapped citizens of the Donaldsonville area. Funding for the Association is dependent upon appropriations from State agencies and contributions from the public. Additional revenue is generated from services performed by clients for local businesses.
- B. Buildings and equipment are recorded at cost and are being depreciated using the straight-line method over their estimated useful lives as follows:
- | | |
|--------------------------|---------------|
| Buildings | 30 - 40 years |
| Transportation equipment | 5 years |
| Other equipment | 5 - 10 years |
- C. Management has determined that all accounts receivable are collectible. Therefore, no reserve for uncollectible accounts has been established. In the event that Management considers accounts receivable to be uncollectible, a statement is sent after 30 days past due. Additionally, Management will review any accounts receivable more than 30 days past due at the end of the fiscal year and determine if the account should be written off.
- D. The majority of the Association's revenue is derived from third-party reimbursement arrangements. These revenues and the allowability of the related expenditures are subject to audits by the granting agencies.
- E. The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose of restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statements of activities as net assets released from restrictions. Restrictions which are met within the same reporting period are classified as unrestricted. The Association has no temporarily or permanently restricted net assets at June 30, 2011 and 2010.

The Association reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Association reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies (continued)

- F. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
- G. The Association considers all cash accounts and certificates of deposit with a maturity of three months or less when purchased to be cash and cash equivalents.
- H. The Association accounts for income taxes in accordance with income tax accounting guidance included in the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC). On January 1, 2009, the Association adopted the recent accounting guidance related to accounting for uncertainty in income taxes, which sets out consistent framework to determine the appropriate level of tax reserves to maintain for uncertain tax positions.

The Association is a nonprofit organization that is exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code and classified by the Internal Revenue Service as other than a private foundation. Therefore, the Association has not recorded a provision for income taxes in the accompanying financial statements and the Association does not have any uncertain tax positions. The Association files a federal income tax return under U.S. federal jurisdiction. With few exceptions, the Association is no longer subject to U.S. federal examinations by tax authorities for the year before 2007.

- I. Certain balances for June 30, 2010 have been reclassified to conform with the current year's presentation.
- J. Investments in marketable securities and government bonds with readily determinable fair values are valued at their fair values in the statements of financial position. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Unrealized gains and losses are included in the change in net assets.

2. Cash and Certificates of Deposit

At year-end, the carrying amount of the Association's deposits was \$552,311 and the bank balance was \$582,873. Of the bank balance, \$582,873 was covered by federal depository insurance.

3. Lease Agreement

The Association holds rights and title to a lease agreement - a 99 year lease signed with the City of Donaldsonville on December 26, 1972. The lease was signed for the land on which the Association's buildings are located. The lease becomes null and void if the leased premises are no longer used as a school for the retarded children. Under the terms of the lease, the Association pays no rental expense.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

4. Buildings and Equipment

Buildings and equipment at June 30, 2011 and 2010 consisted of the following:

	<u>2011</u>	<u>2010</u>
Building	\$ 196,668	\$ 196,668
Building improvements	240,852	236,198
Transportation equipment	89,246	89,246
Other equipment	100,965	136,097
	<u>627,731</u>	<u>658,209</u>
Less: Accumulated depreciation	(431,382)	(445,467)
	<u>\$ 196,349</u>	<u>\$ 212,742</u>

Depreciation expense was \$22,196 and \$27,143 for the years ended June 30, 2011 and 2010, respectively.

6. Fair Values of Financial Instruments

In Accordance with the Fair Value Measurements and Disclosure topic of FASB ASC, disclosure of fair value information about financial instruments, whether or not recognized in the balance sheet is required. Fair value of a financial instrument is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between willing market participants at the measurement date. Fair value is best determined based upon quoted market prices. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques. Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. Accordingly, the fair value estimates may not be realized in an immediate settlement of the instruments. Therefore, the aggregate fair value amounts presented do not represent the underlying value of the Association.

The recent fair value guidance provides a consistent definition of fair value, which focuses on exit price in an orderly transaction (that is, not a forced liquidation or distressed sale) between market participants at the measurement date under current market conditions. If there has been a significant decrease in the volume and level of activity for the asset or liability, a change in valuation technique or the use of multiple valuation techniques may be appropriate. In such instances, determining the price at which willing market participants would transact at the measurement date under current market conditions depends on the facts and circumstances and requires use of significant judgment. The fair value is a reasonable point within the range that is most representative of fair value under current market conditions.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Fair Values of Financial Instruments (continued)

Fair Value Hierarchy

In accordance with this guidance, the Foundation groups its financial assets and financial liabilities generally measured at fair value in three levels, based on the markets in which the assets and liabilities are traded and the reliability of the assumptions used to determine fair value.

- Level 1 – Valuation is based on quoted prices in active markets for identical assets or liabilities that the reporting entity has the ability to access at the measurement date. Level 1 assets and liabilities generally include debt and equity securities that are traded in an active exchange market. Valuations are obtained from readily available pricing sources for market transactions involving identical assets or liabilities.
- Level 2 – Valuation is based on inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly. The valuation may be based on quoted prices for similar assets or liabilities; quoted prices in markets that are not active; or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the asset or liability.
- Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which determination of fair value requires significant management judgment or estimation.

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

The following methods and assumptions were used by the Foundation in estimating its fair value disclosures for financial instruments:

Securities

Securities are classified within Level 1 where quoted market prices are available in an active market. Inputs include securities that have quoted prices in active markets for identical assets. If quoted market prices are unavailable, fair value is estimated using pricing models or quoted prices of securities with similar characteristics, at which point the securities would be classified within Level 2 of the hierarchy.

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

NOTES TO FINANCIAL STATEMENTS

6. Fair Values of Financial Instruments (continued)

The following table presents for each fair value hierarchy level of the Association's financial assets and liabilities that are measured at fair value on a recurring basis.

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2011			
Certificates of Deposit	\$ -	\$ 524,160	\$ -
Mutual funds invested in stocks	107,612	-	-
	<u>\$ 107,612</u>	<u>\$ 524,160</u>	<u>\$ -</u>

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>
June 30, 2010			
Certificates of Deposit	\$ -	\$ 518,504	\$ -
Mutual funds invested in stocks	84,918	-	-
	<u>\$ 84,918</u>	<u>\$ 518,504</u>	<u>\$ -</u>

7. Subsequent Events

In preparing the financial statements, Donaldsonville Area Association for Retarded Citizens has evaluated events and transactions for potential recognition or disclosure through September 12, 2011, and has determined that no events occurred that require disclosure.

SUPPLEMENTARY INFORMATION

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

Donaldsonville, Louisiana

SCHEDULES OF EXPENSES
YEARS ENDED JUNE 30, 2011 AND 2010

	2011			(Memorandum Only) 2010
	Residential Services	Management and General	Total	Total
<u>EXPENSES</u>				
Salaries and wages	\$ 125,668	\$ 488,821	\$ 614,489	\$ 654,427
Repairs and maintenance	4,025	15,893	19,918	24,551
Supplies	2,957	16,987	19,944	17,152
Utilities	5,102	14,340	19,442	18,520
Telephone	2,048	4,663	6,711	7,013
Transportation expenses	149	1,658	1,807	3,184
Food	5,891	15,560	21,451	27,130
Payroll taxes	8,240	44,286	52,526	47,232
Insurance	7,419	40,902	48,321	47,889
Professional fees	2,500	7,552	10,052	10,065
Medical	2,979	1,025	4,004	4,827
Training	1,430	3,483	4,913	7,182
Day program	38,775	-	38,775	65,587
Client allowance	2,448	-	2,448	2,818
Bed fee	21,183	-	21,183	28,257
Contract labor	2,433	787	3,220	3,822
Gasoline	4,831	12,348	17,179	10,610
Vehicle repairs	2,597	3,189	5,786	10,276
Other	3,379	22,083	25,462	27,244
Bad Debt	-	1,311	1,311	-
Total Expenses Before Depreciation	244,054	694,888	938,942	1,017,786
Depreciation of buildings and equipment	7,486	14,710	22,196	27,143
Total Expenses	\$ 251,540	\$ 709,598	\$ 961,138	\$ 1,044,929

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)
Donaldsonville, Louisiana

SCHEDULE OF REVENUES AND EXPENSES BY JOB
YEARS ENDED JUNE 30, 2011 AND 2010

	Janitorial		Dinner Kits		Recycling		Lawn Maintenance		Shredding		Total	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
REVENUES	\$100,401	\$ 96,566	\$ 765	\$ 745	\$ 7,108	\$ 6,328	\$ 76,698	\$ 67,716	\$ 957	\$ 1,051	\$185,929	\$172,406
EXPENSES												
Salaries and wages	42,737	45,594	345	808	26,584	22,478	21,701	15,419	1,236	1,668	92,623	85,967
Repairs and maintenance	-	-	-	-	1,238	4,940	11,992	9,766	-	-	13,230	14,706
Insurance	915	2,952	19	-	3,407	2,873	2,730	2,774	-	-	7,071	8,599
Supplies	3,057	1,843	443	517	423	355	7,889	7,944	40	733	11,852	11,392
Gasoline	2,112	1,039	-	-	7,280	4,896	5,596	2,336	-	-	14,988	8,271
Payroll taxes	2,986	2,966	17	-	2,207	1,489	1,647	1,467	132	211	6,989	6,133
Total expenses	51,827	54,394	824	1,325	41,139	37,031	51,555	39,706	1,408	2,612	146,753	135,068
NET INCOME (LOSS)	\$ 48,574	\$ 42,172	\$ (59)	\$ (580)	\$ (34,031)	\$ (30,703)	\$ 25,143	\$ 28,010	\$ (451)	\$ (1,561)	\$ 39,176	\$ 37,338

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. (a not for profit organization) as of and for the years ended June 30, 2011 and 2010, and have issued our report thereon dated September 12, 2011. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Donaldsonville Area Association for Retarded Citizens, Inc.'s internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Donaldsonville Area Association for Retarded Citizen's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Donaldsonville Area Association for Retarded Citizen's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Donaldsonville Area Association For Retarded Citizens, Inc.'s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We noted certain matters that we reported to management of the Donaldsonville Area Association for Retarded Citizens, Inc. in a separate letter dated September 12, 2011.

This report is intended solely for the information and use of the board of directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

For the Legislative Auditor: Katherine

Donaldsonville, Louisiana
September 12, 2011

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

A. Summary of Audit Results:

- (1) The auditors' report expressed an unqualified opinion on the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc., of and for the year ended June 30, 2011.
- (2) No significant deficiencies relating to the audit of the financial statements were reported.
- (3) No instance of noncompliance relating to the financial statements of Donaldsonville Area Association for Retarded Citizens, Inc. was noted during the audit.

B. Non-compliance:

Finding

None

DONALDSONVILLE AREA ASSOCIATION FOR RETARDED CITIZENS, INC.
(A NOT FOR PROFIT ORGANIZATION)

SCHEDULE OF PRIOR FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2011

Financial Statement Audit Significant Deficiencies

None



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1030 CLAY ST. DONALDSONVILLE, LA 70346
MARY MARCOMBE HOME (225) 473-7433

CORRECTIVE ACTION PLAN

September 12, 2011

Louisiana Legislative Auditor

The Donaldsonville Area Association for Retarded Citizen's respectfully submits the following corrective action plan for the year ended June 30, 2011.

Name and address of independent public accounting firm:

Postlethwaite & Netterville, APAC
P. O. Box 1190
Donaldsonville, LA 70346

Audit Period: July 1, 2010 – June 30, 2011

The findings from the schedule of findings and questioned costs are discussed below. The findings are numbered consistently with the numbers assigned in the schedule of findings and questioned costs.

FINDINGS – SCHEDULE OF FINDINGS AND QUESTIONED COSTS

ML-2011-1 APPROVED USE OF DEBIT CARDS

Recommendation: Debit cards should be kept in a secure location and issued when necessary for specified purchases. The use of the card should be documented with a receipt and verified by an immediate review of an on-line banking transaction report. This review should be documented.

Action Taken: The following action will be taken regarding the above recommendation regarding the use of debit cards: DAARC will implement a procedure to track the use of First American Bank card. Three DAARC administrative staff have approval to use debit cards. The cards will be kept in a secure location prior to use of card, excluding use of medication purchase at Walgreens which are under \$20. A request form (See Attached) will be submitted to Director for approval. DAARC along with First American Bank have set limits restricting assets, limits on amount of spending daily and maximum purchase limit. All approved transactions will be verified with receipt and Executive Assistant will attach receipt to all above transactions and verify online banking transaction report.



If the Louisiana Legislative Auditor has questions regarding this plan, please call Marlene Domingue at (225) 473-4516.

Sincerely,

A handwritten signature in cursive script that reads "Marlene Domingue". The signature is written in black ink and is positioned above the printed name and title.

Marlene Domingue
Director

Authorized usage of First American Bank Debit Card

Date: _____

Use of Card: _____
Name of Staff

Amount: _____

Purpose of the usage:

Approval by Director:

Date Approval by Director:

Receipts are attached

Executive Assistant

Date: _____

To the Board of Directors
Donaldsonville Area Association for Retarded Citizens, Inc.
Donaldsonville, Louisiana

We have audited the financial statements of the Donaldsonville Area Association for Retarded Citizens, Inc. for the year ended June 30, 2011, and have issued our report thereon dated September 12, 2011. Professional standards suggest that we provide you with the following information related to our audit.

As stated in our engagement letter dated August 15, 2011, our responsibility, as described by professional standards, is to plan and perform our audit to obtain reasonable, but not absolute, assurance that the financial statements are free of material misstatement and are fairly presented in accordance with generally accepted accounting principles. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is a risk that material errors, irregularities, or illegal acts, including fraud and defalcations, may exist and not be detected by us.

As part of our audit, we considered the internal control structure of the Donaldsonville Area Association for Retarded Citizens, Inc.. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control structure. During the course of the performance of our audit procedures and documentation of the Association's internal controls, we noted certain immaterial items that have been communicated to management by way of discussion. The following is a description of items that were of such significance to comment in a formal management letter.

ML-2011-1 APPROVED USE OF DEBIT CARDS

Finding: It was noted during our testing of disbursement transactions that the Association has authorized the use of bank debit cards. There is no documentation of any approval of debit card transactions that occurs prior to purchases being made.

Recommendation: Debit cards should be kept in a secure location and issued when necessary for specified purchases. The use of the card should be documented with a receipt and verified by an immediate review of an on-line banking transaction report. This review should be documented.

This information is intended solely for the use of the board of directors and management of the Donaldsonville Area Association for Retarded Citizens, Inc. and should not be used for any other purpose.

Postlethwaite & Netterville

Donaldsonville, Louisiana
September 12, 2011